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UNCLAS SECTION 01 OF 02 PANAMA 001812

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FOR STATE WHA/CEN - TELLO

E.O. 12958: N/A

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SUBJECT: SECOND PANAMA CANAL EXCAVATION CONTRACT GOES TO  
CARLOS SLIM'S FIRM

REF: A. PANAMA 1236

[1](#)B. PANAMA 1719

[1](#)1. (U) SUMMARY. Consorcio Cilsa Minera Maria, a unit of Mexican billionaire Carlos Slim's Grupo Carsa, was the low bidder on the second dry excavation contract for the new Pacific lock access channels portion of the Panama Canal expansion project. It what has become a trend, the sole U.S. bidder was the highest bidder. Slim has increased his investments and activities in Panama. END SUMMARY.

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Slim Offers Low Bid on Second Excavation Contract  
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[1](#)2. (U) On November 15, 2007, the Panama Canal Authority (ACP) received eight proposals for the second of the five dry excavation contracts for the new Pacific lock access channel. The Panamanian-Mexican consortium, Consorcio Cilsa Minera Maria (CMM), was the low bidder at \$25,489,200. CMM is a unit of Carlos Slim's Grupo Carsa. While the proposal still must be reviewed by the ACP to assure it meets all ACP criteria, CMM is widely expected to be awarded the contract.

[1](#)3. (U) Eight firms from five countries participated in the bidding. As with the bids for the first excavation contract in July 6, 2007 (refTel A), only one U.S. company, International Underground Corp. (IUC), participated. And again the U.S. bidder had the highest bid. IUC's \$61.7 million bid was almost \$16 million higher than the second highest bid and almost 250% over the CMM bid. The winner of the first dry excavation contract, Panama's Constructora Urbana, was third with a bid \$5.42 million higher than CMM.

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A Review of the Bidding  
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[1](#)4. (U) The submitted bids were as follows: CMM - \$25,489,200; Consorcio Masering Cromas (Colombia)- \$30,564,475; Constructora Urbana (Panama) - \$30,913,000; Consorcio Conalvias Retraneq (Panama-colombia) - \$37,492,853; Consorcio M&S MECO Santa Fe (Panama-Costa Rica) - \$40,986,400; Consorcio Condor Proimpetrol (Colombia) - \$42,455,577; Consorcio ICA Panama-ICA CV (Panama-Mexico); and IUC (U.S.) - \$61,745,339.

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Scope of Contract Work  
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[1](#)5. (U) The second dry excavation contract involves the

removal of 7.5 million cubic meters of land along a 2.4 kilometer stretch just north of where the new Pacific locks will be built. The contract also requires the construction of a new road, a crossing over the nearby Cocoli River, and the removal and/or relocation of electrical, telecommunications, water and sanitation lines. CMM will have 670 days from the date of official award of the contract to complete the work. The estimated completion date is October 2009.

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Next Contract to Be Awarded  
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¶6. (U) The next contract to be awarded is for the dredging of the existing Pacific entrance navigational channels. Bids are due by January 28, 2008. The contract calls for the widening to at least 218 meters and deepening to at least 15.5 meters of such navigational channels in order to permit the use of Post-Panamax ships

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Slim Widens Interest in Panama  
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¶7. (U) Slim has steadily increased his investments in Panama. His company, Ideal, through its Panamanian subsidiary Cicsac, has the concession to build and operate a hydroelectric plant in Panama's western province of Chiriqui. Cicsac paid over \$31 million for the concession. In October 2007, Slim's department store, Sanborns, opened its first outlet in Panama. Slim has traveled to Panama at least five times since Martin Torrijos became president. Slim lent his personal plane to Torrijos to attend Pope John Paul's

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funeral. There are persistent rumors that Slim has been buying property on Panama's Caribbean coast for tourist development. Slim has also expressed interest in participating in future Panama Canal expansion contracts, including the approximately \$3 billion design/build contract. Slim is a key benefactor of "Wings for Children" foundation headquartered in Panama and spearheaded by Colombian singer Shakira.

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Comment  
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¶8. (U) Again the U.S. bidder was by far the highest bidder. With only the design/build and three excavation contracts remaining, it is difficult to see U.S. companies being cost competitive and winning any of the remaining contracts (reftel B).  
EATON